

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Land Division
Honolulu, Hawaii 96813

February 27, 2009

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

PSF No:05KD-234
KAUAI

Amend Prior Board Action of December 9, 2005 (D-2) Set Aside to Agribusiness Development Corporation for Irrigation System and Waimea (Mauka) Hydro-Electric Power Generation Plant Purposes, Kekaha and Waimea Valley including Hawaiian Home Lands, Kauai, Tax Map Keys: (4) 1-2-1:various; 1-2-2:various; 1-4-1:various; and 1-5-1:various.

BACKGROUND:

The Land Board at its December 9, 2005 meeting, under agenda Item D-2, approved to recommend to the Governor, a set aside to Agribusiness Development Corporation for irrigation system and Waimea (Mauka) hydro-electric power generation plant purposes. The Board further amended its approval by adding as a condition that ADC work cooperatively with the Division of State Parks to assure that ADC's management and control of the irrigation system does not adversely affect Kokee State Park or its tenants.

Briefly, the Waiawa hydroelectric power plant and portions of the irrigation system (or ditch) is within Governor's Executive Order No. 4007 issued to Agribusiness Development Corporation on September 16, 2003. Other sections of the irrigation system and the Waimea (Mauka) hydro-electric power generation plant are located outside Governor's Executive Order No. 4007. The irrigation system (or ditch) originates from Puu Ka Pele Forest Reserve and the Napali-Kona Forest Reserve then runs through the Department of Hawaiian Home Lands and finally to Governor's Executive Order No. 4007.

Kekaha Sugar generated power for its operations at the Mauka Hydro located at the bottom of Waimea Canyon. For some unknown reason, the hydro site was not under any lease or permit. The Mauka Hydro is necessary for the economic operation of the electrical systems that provide power to the current revocable permit holders on the Kekaha lands and for the operation of the pumps that dewater the Mana plain. ADC had made significant improvements to the Mauka Hydro over the past few years with the aid of funding from the U.S. Navy Pacific Mille Range Facility.

Continued use and operation of the Mauka Hydro is required for the effective management of the Kekaha lands to be set aside to ADC. ADC had entered into a Purchase Power Agreement with Kauai Island Utilities

Cooperative (KIUC) where the parties have agreed to make deliveries of energy to each other and in emergency situations. About two-thirds of the energy delivered by ADC is generated at the Mauka Hydro.

The set aside will allow ADC flexibility in managing and operating the irrigation system (ditch) for the agricultural community, the hydro-electric power generator plants, and other common infrastructure that were traditionally managed by the former Kekaha Sugar Company. Currently, ADC along with its tenants and contractors are managing the irrigation system and the Mauka Hydro. There is no alternative agency to manage the irrigation system (or ditch) or the Mauka Hydro for the West side of Kauai.

ANALYSIS:

At this time we have not completed the set aside. The Attorney General's office has informed us that the Department of Hawaiian Home Lands (DHHL) has to grant permission for Agribusiness Development Corporation to use its lands. Therefore, the title of our submittal: "Waimea Valley including Hawaiian Home Lands" needs to be corrected by deleting any reference to "including Hawaiian Home Lands". Mr. Alfredo Lee, Executive Director for Agribusiness Development Corporation has been informed and is working with DHHL.

RECOMMENDATION: That the Board:

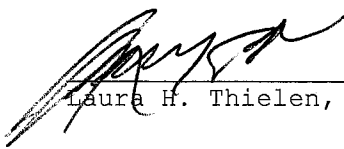
1. Amend its prior Board action of December 9, 2005, under agenda item D-2 by deleting "including Hawaiian Home Lands" from the submittal title.
2. All terms and conditions listed in its December 9, 2005 approval to remain the same.

Respectfully Submitted,

Charlene E. Unoki

Charlene E. Unoki
Assistant Administrator

APPROVED FOR SUBMITTAL:



Laura H. Thielen, Chairperson

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